

Fiscal Note

Fiscal Services Division



HF 2440 – Sales Tax Exemption – Laundry Machines (LSB 1105HV)
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Fiscal Note Version – New

Description

House File 2440 provides a sales tax exemption for the use of self-pay washers and dryers.

Assumptions

Assumptions include:

- Sales tax remittances to the Department of Revenue from 304 filers identified as laundromats totaled approximately \$1.2 million in FY 2010 and \$1.3 million FY 2011.
- Sales tax remittances to the Department of Revenue from 122 filers identified as manors or apartments totaled approximately \$38,000 in FY 2010 and \$40,000 FY 2011.
- Sales tax from the use of self-pay washers and dryers account for 90.0% of the sales tax remitted by the laundromat.
- Taxable sales growth rates are assumed at 3.7% for FY 2012, 3.4% for FY 2013, 3.7% for FY 2014, and 4.4% for FY 2015.
- An average statewide local option sales tax (LOST) rate of 0.87% is used to measure the total impact on the LOST revenue.

Fiscal Impact

The estimated fiscal impact of **HF 2440** will be a reduction in State sales tax revenue of approximately \$1.3 million beginning in FY 2013 and \$1.4 million in FY 2014 and FY 2015. This will decrease General Fund revenue by \$1.1 million, Secure an Advanced Vision for Education (SAVE) revenue by \$200,000, and LOST revenue by \$200,000 beginning in FY 2013. The following table provides the fiscal impact for FY 2013 through FY 2015.

Estimated Reduction in Revenues - in Millions				
	Total Reduction in Sales Tax Revenue	Reduction in General Fund Revenue	Reduction to SAVE Fund	Reduction in LOST Revenue
FY 2013	\$ 1.3	\$ 1.1	\$ 0.2	\$ 0.2
FY 2014	1.4	1.1	0.2	0.2
FY 2015	1.4	1.2	0.2	0.2

Sources

Iowa Department of Revenue, Sales Tax Database
LSA analysis and calculations

/s/ Holly M. Lyons

March 21, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Iowa Code section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
